## Message Text

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PAGE 01 STATE 192992 ORIGIN EB-08

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DRAFTED BY EB/OA/AVP:GGRIFFITHS:SP APPROVED BY EB/OA:'MHSTYLES EB/OA/AVP:AJWHITE EUR/NE:DGOODMAN

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P 312238Z JUL 78 FM SECSTATE WASHDC TO AMEMBASSY LONDON PRIORITY

CONFIDENTIAL STATE 192992

E.O. 11652: GDS

TAGS: EAIR, EN

SUBJECT: CIVAIR: SUPER APEX SHORT NOTICE FILINGS

REF: A) LONDON 11539 B) STATE 127112 C) LONDON 10161

1. EPISODE OF BRITISH AIRWAYS SHORT NOTICE SUPER-APEX FILINGS ILLUSTRATES ABILITY OF AIRLINES TO DEFY GOVERNMENT DIRECTIVES WHEN AERONAUTICAL AUTHORITIES OF GOVERNMENTS CONCERNED DO NOT TAKE SIMILAR STAND ON WHEN FARES SHOULD BE EFFECTIVE. IN CASE AT HAND, BA, AND OTHER AIRLINES, WERE ABLE TO DEFY CAA DIRECTIVE RE JULY 25 EFFECTIVE DATE OF PROPOSED SUPER-APEX TARIFFS, AT LEAST ON A DIRECTIONAL BASIS. FYI ONLY: IN SPITE OF FIRM CAA ADMONITIONS RE JULY 25 DATE CITED REF C, BA, AND US AIRLINES IN RESPONSE, FLEW PASSENGERS EX US TO LONDON ON THE SUBJECT SUPER-APEX FARES. (DEPARTMENT HAS THIS ON CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 192992

CONFIDENTIAL BASIS FROM US AIRLINE SOURCE.)

2. AFTER REVIEWING FACTS OF SITUATION, DEPARTMENT IS OF OPINION THAT BA, WHICH INITIATED ENTIRE EPISODE WITH SHORT-NOTICE FILING, IS NOW TRYING TO JUSTIFY ITS ACTIONS, WHICH WE SUSPECT ARE COMING UNDER CAA SCRUTINY, BY STATING

THAT CAB PREVENTED IT FROM ADJUSTING EFFECTIVE DATE OF FARE. THIS ARGUMENT RINGS HOLLOW FOR FOLLOWING REASON:

BA REQUEST FOR ADJUSTMENT OF EFFECTIVE DATE OF TARIFF WAS MADE ON JULY 18, A SCANT WEEK BEFORE THE CAA-APPROVED EFFECTIVE DATE. IF BA WERE SERIOUS ABOUT OBSERVING CAA APPROVED DATE, WHY DID IT WAIT UNTIL ONE WEEK BEFORE THAT DATE TO ATTEMPT TO MAKE ITS CHANGE WITH THE CAB?

3. AMEMBASSY CORRECT IN BELIEF THAT CAB TARIFF SECTION HAD INDICATED TO DEPARTMENT THAT IT WOULD APPROVE A BA REQUEST TO AMEND EFFECTIVE DATE OF TARIFF. UNFORTUNATELY, CAB DID NOT CLEAR ITS DECISION WITH DEPARTMENT. DEPARTMENT HAS INDICATED TO CAB ITS CONCERN THAT CAB DID NOT DISCUSS BA REQUEST WITH DEPARTMENT BEFORE TAKING ACTION.

CAB HAS ACKNOWLEDGED OVERSIGHT RE THIS MATTER. NONE-THELESS, IT MAINTAINS ITS DECISION MADE SENSE BECAUSE ONLY IMPACT OF APPROVING JULY 18 BA REQUEST TO MAKE SUPER APEX FARES EFFECTIVE JULY 25 WOULD HAVE BEEN TO AUTHORIZE BA TO MAKE ADDITIONAL COLLECTIONS FROM THOSE PASSENGERS WHO HAD ALREADY PURCHASED TICKETS FOR TRAVEL DURING JULY 18-25 TIME PERIOD. DUE TO 21 DAY ADVANCE PURCHASE PROVISION OF FARE, IMPACT OF CAB APPROVAL OF BA REQUEST WOULD HAVE BEEN CONFINED ONLY TO THOSE TICKETS PURCHASED 21 DAYS CONFIDENTIAL

## CONFIDENTIAL

PAGE 03 STATE 192992

PRIOR TO JULY 18 - 25 PERIOD. IN SHORT, LATE TIMING OF BA REQUEST VIRTUALLY ELIMINATES ITS OPERATIONAL SIGNIFICANCE, AND LEADS US TO SUSPECT IT WAS MADE FOR PURPOSES OF THE WRITTEN RECORD ONLY.

- 4. DEPARTMENT STRONGLY FEELS THAT BA HAS PLAYED FAST AND LOOSE ALL ALONG WITH CAA RE THIS ISSUE, AND IS NOW ATTEMPTING TO SHIFT THE BLAME ONTO THE CAB. WE CANNOT ACCEPT THIS INTERPRETATION FOR REASONS CITED FOREGOING. IN FACT, DEPARTMENT'S ATTITUDE FROM BEGINNING HAS BEEN TO AVOID STUMBLING INTO GOVERNMENT-TO-GOVERNMENT QUARREL OVER THIS ISSUE. WE SINCERELY HOPE THAT ENTIRE ISSUE, NOW THAT JULY 25 HAS PASSED, WILL BECOME MOOT AND WILL QUITELY DISAPPEAR. FROM USG POINT OF VIEW, NO TARIFF FILINGS HAVE BEEN VIOLATED, AND TRAVELLING PUBLIC HAS HAD BENEFIT OF LOWER FARES FOR LONGER PERIOD OF TIME.
- 5. ACTION REQUESTED: WE WOULD HOPE NO ENFORCEMENT ACTION IS CONTEMPLATED BY CAA SINCE IT WOULD BECOME QUITE ME;SY AND IN OUR VIEW WOULD SERVE NO USEFUL PURPOSE. ACCORDINGLY COMMENTS MADE PARA 1 FOREGOING ARE STRICTLY FYI ONLY; EVEN THOUGH WE SUSPECT CAA ALREADY AWARE OF

FACTS OF CASE. EMBASSY SHOULD CITE ARGUMENTS LISTED PARA 2 AND 3 AS BASIS FOR RESPONSE TO BROWN.

6. COMMENT: OUR COMMENTS RE BRITISH AIRWAYS HAVE BEEN VERY FRANK THIS MESSAGE. WHILE WE HAVE NO DESIRE TO CRITICIZE ITS OWN FLAG CARRIER TO THE BRITISH GOVERNMENT, NEITHER WILL WE ALLOW BA TO CREATE FRICTION BETWEEN OUR TWO GOVERNMENTS BY THE TYPE OF ACTIONS DESCRIBED FORE-GOING. EMBASSY SHOULD USE ITS OWN JUDGMENT IN MAKING COMMENTS TO CAA RE BA ROLE THIS EPISODE. IF NECESSARY HOWEVER, EMBASSY AT LIBERTY TO INFORM CAA FULLY OF USG SUBJECTIVE EVALUATION BA RE THIS MATTER. VANCE

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